
TRANSITIONING FAMILIES FROM WELFARE TO WORK

The District has made significant strides in helping parents move from welfare to work. The District's welfare caseload has declined to its lowest level in 25 years and thousands of families now receive a paycheck instead of a welfare check.

The District's success has led to several significant financial awards and national recognition –

- In December 2000, the District was awarded a Temporary Assistance for Needy Families (TANF) High Performance Bonus by the U.S. Department of Health and Human Services, based on improvements in keeping working welfare recipients employed and earning higher wages. The bonus, approximately \$1.7 million, was designed to reward states with high performance levels or states making strides in improving performance.
- In September 2000, the District was awarded a \$20 million bonus for a significant decline in its out-of-wedlock birth rate between 1995 and 1998. The District experienced a 4.1 percent decline in out-of-wedlock births, the largest decline in the nation during this period. This marks the second consecutive year that the District has received this bonus; a record matched by only two other states.

The District is one of only four states this year to receive both a TANF High Performance Bonus and a bonus for reduction in out-of-wedlock births. These results were achieved through a welfare reform strategy that focuses intensive resources on helping heads-of-households find jobs while supporting parents to participate in training and employment searches. Specifically, the District funded programs that provided employment assistance, literacy education, childcare, free health insurance, food assistance, and a tax credit for working low-income families. Taken together, these efforts have led to significant caseload decline.

Table 10-1
District's TANF Caseload Since Implementation of Welfare Reform

Date	Total Caseload	Non-exempt Caseload
March 1997	24,266	17,315
December 1997	22,123	15,888
December 1998	19,751	13,713
December 1999	18,028	12,358
December 2000	16,527	11,117

Between March 1997, when the District welfare reform was implemented, and December 2000, the total number of families receiving TANF fell from 24,266 to 16,527, a decline of 32 percent.

The decline among non-exempt TANF cases was steeper. There are two types of “exempt” cases: (1) TANF cases in which children are not living with their parents but are being cared for by relatives who do not receive TANF benefits for themselves and, (2) cases in which the youngest child is less than one year of age. Non-exempt cases – that is, cases in which an adult is expected to work or participate in work activities – have fallen by 36 percent to 11,117 cases.

Focusing on Accomplishment, Not Punishment

The District’s caseload declined without many of the penalty-focused policies that have contributed to caseload decline in other states. As a result, this decline is a product of transitioning families from welfare-to-work and not the result of punitive actions. District strategies focus on individual needs and include:

- **No full-family sanctions.** Many states terminate all assistance to a family when a parent fails to comply with work or other requirements. The District did not adopt this approach; instead it reduces, but does not terminate, assistance to a family when a parent fails to comply with program requirements. There continues to be substantial debate about the costs and benefits of full-family sanctions. Some analysts and policymakers believe that imposing harsher sanctions will increase compliance with program requirements. Other analysts and policymakers believe that small increases in program participation are outweighed by the downsides associated with taking cash income from already poor families.

There is no conclusive research on this topic. In fact, there is no evidence that full-family sanctions substantially increase compliance among otherwise non-compliant adult recipients. Moreover, some research suggests that many families subject to sanctions are those with substantial barriers to participation that have not been appropriately identified or addressed. Imposing full-family sanctions may actually increase the risk that vulnerable families will be harmed rather than helped.

- **No new barriers to applying for benefits.** Many states have implemented policies and practices, which discourage or delay families from applying for cash assistance. These practices include proactively talking to prospective recipients about why they should not apply for benefits and requiring parents to participate in substantial work activities *prior* to submitting an application for assistance. The District does not try to discourage eligible, poor families from receiving cash assistance. Instead, the District strives to work with recipients to find jobs so they no longer need assistance.
- **No shortened time limits.** Many states instituted time limits that were shorter than the federally required 60-month limit on federally funded benefits. The District has not shortened its participation period so families have not yet been forced off the rolls for this reason. District families will not begin to hit the federal 60-month time limit until March 2002.

In order to put this caseload decline in proper perspective, it is useful to compare the District’s caseload to that of other major urban areas. The Brookings Institution analyzed welfare caseloads in 89 urban counties that contain the 100 largest U.S. cities.¹

¹ “Unfinished Business: Why Cities Matter to Welfare Reform,” Katherine Allen and Maria Kirby, July 2000.

Table 10-2
Urban Area Welfare Caseload Decline

Urban Area	Caseload Decline Between 1994-1999
Baltimore County	53.3%
Philadelphia County (Philadelphia)	36.2%
District of Columbia	29.3%*
New York City	27.7%
Los Angeles County (Glendale, Long Beach, LA)	23.8%
Hennepin County (Minneapolis)	23.1%

****The District's percentage decline differs from that cited earlier because Brookings study assessed data through 1999; including 2000 increased the decline to 36%.***

Not surprisingly, the Brookings study found that caseloads are dropping more slowly in urban areas. In addition, urban areas' share of the national welfare caseload grew from 47.5 percent in 1994 to 58.1 percent in 1999.

Despite Real Achievements, Much More Remains to be Done

Under federal law, a family that includes an adult cannot generally receive federally funded TANF benefits for more than 60 months. Beginning in March 1997, all months in which families receive federal TANF cash assistance count against this 60-month time limit unless the parent or caretaker is excluded from the grant, as is the case in so-called "child-only" cases.² In December 2000, some 16,527 District families received TANF. For approximately 11,100 of these families, the 60-month time limit applied.

While much attention has been focused on March 2002 as the month in which time limits will begin to take effect for some families, it is important to understand that about 75 percent of the current TANF caseload has not received TANF continuously since March 1997 and will not reach the 60-

² Most commonly, child-only cases occur when the children are living with relatives other than their parents such as aunts, uncles, or grandparents. In such circumstances, the adult caretakers have no legal responsibility to support the children for whom they are caring and, thus, have the option to be included in the case (in which case their income is considered when determining the children's eligibility) or being excluded from the case. When the adults are not receiving assistance, neither work requirements nor time limits apply.

Child-only cases also occur when the parent or caretaker is *ineligible* to receive TANF, as is the case when the adult receives SSI or is an immigrant and therefore ineligible for TANF. Since the adults are not receiving assistance, neither work requirements nor time limits apply to these cases.

In addition, when a parent or caretaker fails to comply with work requirements s/he is excluded from the grant and, thus, only the children receive assistance. Unlike other "child-only" cases, the Department tries to engage these parents in work activities.

month time limit in March 2002. In fact, the caseload that has received TANF continuously since March 1997 has declined 42 percent from 4,688 in January to 2,734 in December 2000.

Table 10-3
Caseload by Number of Months Receiving TANF
March 1997 – December 2000

Months	Number of Cases	Percent of Total
1-12	2,016	18.2%
13-24	1,831	16.5%
25-36	2,146	19.4%
37-45	2,357	21.3%
46	2,734	24.7%
TOTAL	11,084	100.0%

Demographic data show that the families that have received assistance continuously or almost continuously since March 1997 differ in important ways from families that have received fewer months of assistance during this period. In particular, “long-stayer” families tend to have older parents and more children than families that have not received TANF continuously since March 1997. Despite having older parents, however, most “long-stayer” families still have young children. Given their history of welfare receipt, many “long-stayer” parents are likely to have little prior work experience and few basic employment skills.

Maintaining the District's Commitment to Families in FY2002 and Beyond

The Williams administration recognizes the importance of continuing support services for the 2,734 families transitioning off TANF and toward long-term independence and stability. With this in mind, the administration proposes to implement a policy that would use local matching funds to preserve the human service safety net for families with children. This can be accomplished without any additional cost to the District. The District is continuing implementation of a three-part strategy to help families move from welfare to work while maintaining the safety net for those who continue to need assistance.

Provide Assistance Funded with Maintenance-of-Effort Funds to Some or All Families Reaching the 60-Month Time Limit

The 60-month time limit only applies to assistance provided with *federal* TANF funds. The District proposes to use \$75 million in local match funds to cover the cost of families' cash benefits. Federal TANF law provides a block grant to each state on the condition that a state maintains its current-level-of-effort with respect to local welfare spending. Each state's block grant is set at the amount of federal funds it received in 1995. In FY2002, the District will receive \$92.6 million in federal TANF funds and must spend \$75 million in local match. The *total* cost of providing TANF benefits is about \$5.8 million per month or about \$70 million per year. The District proposes using its local funds to pay for welfare benefits and its federal TANF funds to pay for programs and other non-

cash forms of assistance. In this way, the District can fund cash benefits beyond the 60-month limit without incurring additional local expenditures, while fully complying with TANF.

Data from the State Policy Documentation Project, a joint project of the Center for Law and Social Policy and Center on Budget and Policy Priorities, show that strategies for maintaining benefits differ from state to state.

- Three states – Michigan, New York and Vermont – do not impose time limits on assistance. To comply with the federal time limit requirements, like the District, these states will ultimately have to use ‘maintenance-of-effort funds’ (local funds) to continue their current policies.
- Seven states – Arizona, California, Indiana, Maine, Maryland, Rhode Island, and Texas – have some time limitations but benefits provided to children are continued after parents’ benefits have been exhausted.

Build Recipients' Skills

In FY2000, the District awarded grants to 16 community organizations to run adult basic education programs for TANF recipients and other low-income individuals. The majority of these programs will link basic education and job training so that those participants improve the basic skills they need to succeed in a particular vocation. At the same time, the District has also provided grants to three community organizations to conduct home visits for TANF recipients. The organizations will ensure that customers understand the work requirements and consequences of failing to comply with program requirements and will encourage recipients to fully engage in their employment. Finally, the District contracted with a national expert to provide technical assistance to contractors in all aspects of program design and operations including identifying and providing the contractors with access to skilled managers from successful welfare-to-work programs in other states.

Using \$10 million in federal TANF funding, the Income Maintenance Administration is working with the Department of Employment Services to design and implement, beginning in spring 2001, an intensive employment program with services targeted to participants with the most severe barriers to employment. Recipients will participate in a subsidized work program where they will work in more supportive settings than traditional unsubsidized jobs. In this environment:

- Recipients will be able to learn the behaviors and skills needed to succeed in the workplace under the guidance of supportive coworkers and supervisors.
- Recipients will receive above-minimum wage for the hours they work and will also be required to participate in other skills-development training programs.
- Low caseworker-to-recipient ratios will ensure individualized attention and service delivery. The program will take a regional approach to unsubsidized job development by expanding partnerships to include employer organizations in both Maryland and Virginia that have committed to providing work-ready participants with direct access to high demand occupations. Participants will be offered one-on-one assistance in locating suitable employment and guided through the placement process by a job developer. Other placement resources include the Internet, America’s Job Bank, the DC Job Bank, the Learning Exchange and the Talent Bank.
- Self-initiated job search efforts will be supported through job clubs and other group activities. District Departments of Public Works, Parks and Recreation, and Health, together with the Executive Office of the Mayor are fully committed to this effort.

To broaden employment opportunities for participants, the program is developing agreements with large private sector employers such as Georgetown University Hospital, and with community-based organizations.

Make Work Pay

The TANF program, like most means-tested programs, reduces benefits as a family's other forms of income increase. The District proposes allowing working families to continue to receive TANF benefits until the combination of their earnings and food stamps exceed the poverty line. This policy change would encourage more families to move from welfare to work and help working families make ends meet.

Maintain Supports for Working Families

TANF customers, like other low-income working heads of households, face a series of challenges once they find jobs. These include not only retaining jobs, but also ensuring that their families' basic needs are met. The District provides important services to low-income working families, including TANF and former TANF customers. These services help families meet their important needs, help parents succeed in the workplace, and ensure that welfare is not more attractive than work.

- **Child Care Assistance.** The District has historically spent substantial local resources on child care assistance for working families. The TANF block grant and the federal Child Care and Development Fund have allowed the District to increase child care resources significantly. Currently, 31,500 District children are eligible for child care subsidies. In FY2001, the District will serve at least 18,000 of these children. The Mayor's FY2002 budget proposal includes \$60 million for subsidized child care programs implemented by the Office of Early Childhood Development within the Department of Human Services (DHS). This figure does not include the funds spent by the public school system to provide pre-kindergarten programs to some 3,600 children throughout the city nor does it include the estimated \$12 million in federal funding for Head Start programs that provide comprehensive early childhood development services to 3,500 District children

Eligibility for subsidized childcare is based on family income and the number of children in each family. Any single-parent family with two children and annual income of less than \$27,921 is eligible for at least a partial child care subsidy. The amount the family must pay for childcare is based on the family's income.

- **Free Health Insurance.** Free health insurance through the Medicaid program is available not only to TANF customers, but to low-income working families as well. In October 1998, the District of Columbia began its DC Healthy Families Program, using both federal Child Health Insurance Program funds and Medicaid funds to expand free health insurance to all families with children with incomes up to 200 percent of the federal poverty line. The District was the first jurisdiction in the country to expand Medicaid coverage to the parents and caretakers of children eligible for Medicaid. A family of three can now earn up to \$2,358 per month – or \$28,300 annually – and remain eligible for free health insurance for both the parents and the children in the family.
- **Food Stamp Program.** The District has worked hard to ensure that low-income working families not receiving TANF have access to the Food Stamp program. The Food Stamp program can provide an important income supplement to low-income working families who

struggle to make ends meet. A recent report indicated that in the District a larger proportion of eligible households participated in the Food Stamp program than in 45 states.

- **Earned Income Tax Credit.** In FY2001, the District enacted a local Earned Income Tax Credit (EITC). This credit is available to all District households that receive a federal earned income tax credit. To apply for the new District EITC, families will file a District income tax return. They will receive a District EITC equal to ten percent of the federal EITC, and the administration proposes increasing that to 25 percent. The District credit will first go to offset any District tax that is owed. If no District tax is owed or the amount owed is less than the District EITC the rest will be sent to the family as a “refund” check.

Conclusion

The District has made important strides in developing a welfare-to-work strategy that will help all TANF heads of households prepare for, find, and retain employment. Many parents have already found work. Taken together, efforts to expand employment providers, increase adult education programs, provide technical assistance to participants and employers, and visit at-risk participants in their homes, are improving the District’s success in helping parents – most of whom want to work – to find and keep jobs and to strengthen their families’ independence. While the District is making some strides, real issues remain.

- Research indicates that the District’s welfare population is particularly disadvantaged. The District’s education system has failed them -- approximately half to two-thirds of DC TANF participants read at or below the sixth grade level. Many welfare recipients lack the most basic skills necessary to obtain and retain even entry-level job, let alone attain incomes sufficient to fully support their families. The District must find a way to create more jobs that match the skill levels of TANF graduates and provide sufficient family supports in order to ensure that these families become self-sustaining or the result will be an endless and growing entitlement population.
- There is disagreement whether all family living assistance benefits should be funded with a combination of federal and local funds (as they are now) or whether the benefits should be funded solely from District funds. One thing is certain, however: using District funds for direct TANF benefits beyond the federal endpoint is likely to result in a growing entitlement population and considerable strain on the resources available for training and other TANF transition support services. This situation could lead to District costs exceeding the \$75 million local match. Cost pressures would be exacerbated in the event of an economic downturn and increase in the number of TANF recipients.
- Another challenge limiting the District’s ability to effectively transition its TANF participants into family-sustaining employment is the city’s inconsistent use of performance-based contracts. Whether excluded by federal regulations or the result of District contracting issues, the inability to pay contractors based on their results greatly hinders the city in ensuring that its clients are receiving the services that actually result in TANF clients attaining and retaining good jobs. This situation quite possibly is a significant contributor to the District’s challenges in successfully transitioning its residents out of TANF.

